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Re: Revised Disposal Option for Former Town of Salina Landfill

Dear Counsel:

On behalf of the Town of Salina Town Board (the "Town Board"), we have been authorized to present the following revised proposal for the former Town of Salina Landfill (the "Landfill") to accept approximately 150,000 cubic yards ("cy") of non-hazardous soils and sediment excavated from the Lower Ley Creek subsite.

The Town Board's engineers, Clough Harbour & Associates ("CHA"), have again reviewed the plans for the remediation of the Lower Ley Creek subsite; the current status of the

closure requirements for the Landfill; and the costs EPA has estimated for the Lower Ley Creek disposal requirements. With these factors in mind, CHA has developed the following approach for the Landfill to accept the expected volume of materials from the Lower Ley Creek subsite:

- 7.25-acre area will be needed to accommodate the disposal of 150,000 cy of soil/sediment.
- A 25-foot buffer for transition zone/work zone will also be required raising the total acreage to approximately 8.5 acres.
- A stone access to the top of landfill will be required.
- The existing topsoil cover will be removed by a dozer and stockpiled.
- 75% of the barrier protection layer (or as much as practical) will be removed by a dozer and stockpiled nearby.
- A 20-foot swath out of geomembrane around the perimeter of the disposal cell will be cut, and the geomembrane on 25-foot grid within interior punctured.
- The remainder of the gas venting layer and membrane will remain in place.
- The soils and sediments will be placed in the disposal cell.
- Recap the disposal cell to match existing cap profile (that includes Part 360 variances for thickness of Gas Venting Layer, Barrier Protection Layer and Topsoil Layer).
- Reuse of as much barrier protection soils and topsoil as possible.
- Re-seed cap plus areas where soils were stockpiled.

CHA has determined that a number of costs previously included in the Town Board's estimate were duplicative of costs contained in the EPA estimate for the remediation of the Lower Ley Creek subsite. As a result, the following costs have now been excluded from the capital estimate for the project, thus reducing the projected estimate:

- Mobilization costs
- Soil/sediment transportation and disposal costs
- Contingency costs

There are several issues, however, regarding cost assumptions made by EPA which may impact the estimate provided herein. These issues include:

- EPA's estimate for mobilization appears to be low by a factor of 10 to 20.
- EPA's cost for soil/sediment load out and disposal is low. A recent quote from a contractor used by the Town of Salina for the closure of the Landfill is \$7.50/CY (vs. EPA's unit price of \$5.00/CY).

The Town Board nevertheless presents as its local disposal option a capital cost estimate of \$1,173,647. Enclosed is a spreadsheet setting forth the details of the estimate. A further estimate of \$234,729 is provided for the permitting, engineering and construction oversight services related to the modification of the Landfill in order to accept the Lower Ley Creek

materials. The costs for these services are not in addition to what EPA has estimated as the total engineering costs required for the Lower Ley Creek subsite project. Instead, these costs represent that portion of the total EPA estimate allocated for the implementation of the local disposal option at the Landfill. Moreover, the capital cost estimate does not take into consideration the EPA assumptions concerning mobilization and disposal costs as highlighted above. The Town Board therefore reserves the right to re-visit these assumptions with EPA and the PRP group to determine whether the estimate should be further revised.

An estimate of operations and maintenance ("O&M") costs has also been prepared for the Landfill, which is approximately \$240,000 per year. EPA agrees that an incremental O&M cost associated with the disposal of the Lower Ley Creek materials is acceptable. Therefore, we propose that a 10% increment (e.g., \$24,000 per year) is reasonable for the additional O&M associated with the Lower Ley Creek disposal cell. Therefore, the net present value of the 30-year annual cost, at a discount rate of 1.68%, is \$561,937.21.

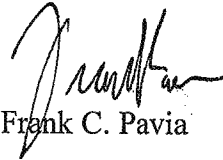
The Town offers, as its contribution to resolving potential PRP liability to the Lower Ley Creek subsite, the disposal of the Lower Ley Creek materials into the Landfill conditioned upon payment of the estimated total cost of \$1,408,376 from either the GM bankruptcy settlement funds or the PRP group. The Town Board is willing to assume payment of its respective share of the projected O&M costs (i.e., $\$561,937.21 \div 19 = \$29,575.64$). However, the remaining balance of O&M's costs would again be paid out of either the GM settlement funds or on a *pro rata* share from the identified PRPs. The Town Board further requires that CHA remain engaged for the permitting, engineering and construction oversight for the disposal option to ensure that it meets the applicable Landfill closure requirements.

The Town of Salina is not in a financial position to pay the costs associated with this disposal option beyond its allocated share of the O&M expense. The Town of Salina has already expended a significant amount of funds in closing the Landfill. Nevertheless, the Town Board will accept, in perpetuity, the disposal of the Lower Ley Creek materials into the Landfill, at a significantly lower capital cost compared to the other disposal options contemplated by EPA.

In return, the Town Board does require that it receive contribution protection under applicable state and federal for any and all potential claims of liability (including claims for monetary damages and injunctive relief) associated with the Lower Ley Creek subsite, as well as a release of liability from the PRP group and a covenant not to sue for those matters subject to the release. The Town would reserve all rights it may have as against any non-participating third parties. Lastly, the foregoing provisions would be included in an administrative consent order with EPA and/or a settlement agreement with the PRP group, the terms of which are deemed satisfactory by the Town Board.

We anticipate that counsel and EPA will need time to review the Town Board's proposal, and present questions or comments concerning the technical approach and estimated costs. Towards that end, the Town Board will make CHA available, if necessary, to address any questions regarding the proposal.

Very truly yours,



Frank C. Pavia

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Enclosure

cc: Town Board of the Town of Salina (w/enclosure)
Christopher A. Burns, Ph.D., P.G. (w/enclosure)
Robert D. Ventre, Esq. (w/enclosure)

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Salina Landfill Cost Estimate	Units	Quantity	Unit Cost	Estimated Costs
Construction Costs				
Mobilization (10% of total)*	LS	1	\$1.00	\$0
Build Access Road	LS	1	\$40,000.00	\$40,000
Removal of current cover materials and membrane	CY	27,441	\$4.50	\$123,483
Placement/Grading of 150,000 CY*	CY	0	\$7.50	\$0
Reinstall Cap				
6 oz. Non-Woven Geotextile	SF	370,449	\$0.20	\$74,090
6" Gas Venting Layer	SF	370,449	\$0.57	\$211,156
Synthetic Geomembrane	SF	370,449	\$0.85	\$314,882
Geocomposite Drainage Netting (on 3/1 slopes + 10 feet)	SF	160,000	\$0.70	\$112,000
12" Barrier Protection Layer (recover 6 inches from original cap)	SF	185,225	\$1.03	\$190,781
Landfill Topsoil (6 inches layer - 4 inches recovered from original cap)	SF	123,483	\$0.59	\$72,855
Seeding	AC	12.0	\$2,200.00	\$26,400
Gas Vents	EA	8	\$1,000.00	\$8,000
Subtotal				\$1,173,647
Permitting, Engineering, and Construction Oversight (only for Landfill)*		1	20%	\$234,729.32
Total Construction Costs				\$1,408,376

* Costs paid by PRP Group or GM Fund. Percentage of costs identified in Cost Estimate from ROD for Total Project